

## **CHAPTER 6**

### **MORATORIUM AND FUTURE REVIEW MECHANISM**

6.1 This Chapter deals with our views and recommendations on the imposition of a moratorium, the review and approving authorities during the moratorium and the future review mechanism.

#### **Moratorium**

6.2 In Chapter 4, we recommended that to allow time for HoDs to undertake a critical review of the JRA payments under their jurisdiction in accordance with the up-to-date job descriptions of the officers concerned and in the light of the new principles governing the dispensation of JRAs recommended by the Commission in this review, the Administration should consider imposing a moratorium during which no new JRA payments should be approved. The details of the moratorium are set out in the following paragraphs.

#### **Period**

6.3 To impress upon all parties concerned the urgency of the JRA review, we recommend the imposition of a moratorium of not more than six months from a date to be determined by the Administration, during which HoDs should aim to complete the review of all JRA payments under their jurisdiction for a decision on whether their continued payment is justified. Depending on individual HoDs' pace of review, the moratorium may be shorter than six months for some. No extension of the moratorium will be allowed save in cases where the SCS is fully satisfied that very exceptional circumstances exist.

#### **Application**

6.4 Of the four new categories of JRAs [i.e. Extraneous Duties Allowance (EDA), Hardship Allowance (HA), Shift Duty Allowance (SDA), and Typhoon/Rainstorm Black Warning Allowances (TRBWA)] recommended

by us in Chapter 4, only EDA and HA should be reviewed during the moratorium. Since SDA and TRBWA are related to the pattern of work and specific inclement weather conditions which are clearly defined, they should be exempted from the moratorium.

6.5 During the moratorium, there will be no new allowances, nor will there be any new claimants for existing allowances until the review has been completed. However, exceptions may be made by HoDs to meet the exigencies of service, subject to the approval of the relevant Bureau Secretary and the SCS.

## **Payment**

6.6 We have considered the question of whether all current payments should be suspended during the moratorium and to provide for subsequent reinstatement (back-dated to the commencement of the moratorium) in cases where their continued payment is justified. Suspension of payment will create a heightened sense of urgency for the review to be expedited.

6.7 The downside is that this may create a groundswell of staff opposition, making it difficult for the Administration to take the review any further. Staff may argue that until the Administration has taken a decision on a new system, and how each allowance should be handled, it is unreasonable to stop payments. The effect of unilateral cessation of payments may also give the false impression that the current system was wrong and all allowances approved under it unjustified. This is certainly not the case.

6.8 On balance, we recommend that all current payments should continue during the moratorium but cease with immediate effect as soon as the review by HoDs concludes that their continued payment is not justified. At the end of the moratorium, however, all payments will lapse automatically unless justified to continue.

## **Rates**

6.9 We recommend that during the moratorium, the existing rates should all be frozen and the opportunity taken by HoDs, where necessary, to consolidate and rationalise the widely disparaging range of rates currently in force. In reviewing the individual rates, we recommend that unless there are

strong justifications for HoDs to consider introducing a new higher rate, the upper limit of the rates should all be capped at the existing level. The re-affirmed rates would be de-linked from the MPS after the review and future adjustment of these rates made in accordance with the rate of annual salary adjustment for the Lower Band civil servants.

### **Role of Heads of Department**

6.10 In conducting the review, HoDs should re-examine the rationale for which EDAs or HAs are paid in the light of the most up-to-date job descriptions of the post concerned and the new principles on the dispensation of JRAs recommended by the Commission in the present review. Regard should be had of changed circumstances, improved working environment, technological innovations and development of multi-skilling which have taken place in their department since the JRA payments in question were last approved. It is important for HoDs to bear in mind that while JRAs are useful management tools to assist them in service delivery, payments should be task-oriented and time-specific. What constitutes an appropriate time-limit is a question for HoDs to decide, having regard to operational needs and service delivery requirements which may vary from case to case. However, to ensure timely review of all JRA payments, we recommend that the maximum time-limit for any JRA payment should not exceed two years. This also applies to JRA payments in situations where, initially, it may not be possible for HoDs to specify a time-limit. At the end of the time limit, the JRA payment will either lapse automatically or continue on renewed justifications after review.

6.11 It is important that HoDs should involve staff in the process to ensure that staff are clearly apprised of the purpose of the review and understand the reasons behind the abolition of some of the JRA payments. Since JRAs are work-related, staff should be given an opportunity to make suggestions on what improvements should be made to their work environment to improve productivity and enhance efficiency without necessarily recourse to JRA payments.

6.12 In the light of the review, HoDs should personally decide, in consultation with CSB, whether current payments could continue with justifications or lapse with immediate effect.

## **Role of Bureaux**

6.13 Since JRAs are related to the delivery of Government services, there is a need for Bureaux to be kept apprised of how JRAs are paid in departments under their purview and whether the payments are commensurate with the level of service delivery envisaged in their policy programme.

6.14 We recommend, therefore, that HoDs should submit the findings of their review to CSB for endorsement via their respective Bureau Secretary for support.

## **Role of Civil Service Bureau**

6.15 In addition to approving the JRA payments, CSB should also assume a central monitoring role during the moratorium in the following areas –

- (a) providing support and advice to HoDs;
- (b) sorting out problems and ensuring service-wide consistency in standards;
- (c) ensuring the compliance of the moratorium by HoDs; and
- (d) compiling a central list of JRA payment schedules in all departments at the expiry of the moratorium.

6.16 CSB should give further consideration to how it would gear up to the new administrative responsibilities arising from the review, including the need to re-activate the Committee on Allowances or establish a different co-ordinating body to tackle problems emerging from the review and to advise the SCS on appropriate solutions.

## **Role of the Commission**

6.17 During the moratorium, the Commission should be kept informed by the Administration of progress of the review and be satisfied that the decision of HoDs in respect of individual payments has been reached in accordance with the principles recommended by the Commission in the current review. This

may take the form of periodic reports by the Administration. A final report on the outcome of the HoDs' review should be submitted to the Commission within one month after the end of the moratorium. In the light of this report, the Commission will tender advice to the Chief Executive on whether and, if so, what further action need be taken on the JRA review.

### **After Moratorium**

6.18 One issue which the Administration would like us to advise on is the establishment of a mechanism to provide the Administration with the means to monitor the proper administration of all JRAs. In the letter dated 26 May 1999 commissioning the JRA review (copy at Appendix I), the Administration indicated that there is at present no system to ensure that HoDs conduct reviews nor does the Administration monitor the results of any review which are undertaken. In the view of the Administration, the effect of the lack of a monitoring system is that either HoDs do not conduct reviews or, to avoid staff objections, the results of any reviews carried out are not strictly followed.

6.19 We consider that the present situation summed up by the Administration calls for a re-consideration of whether the decentralised administration of the JRA system initiated by the Administration since 1991 should be reversed. On the other hand, we note that the highly centralised administration prior to 1991 under which the then Civil Service Branch was responsible for all matters such as routine approval of allowances, introduction of new allowances and revision of eligibility criteria as well as the determination of rates was also regarded as not at all satisfactory.

6.20 On closer examination, we see no reason to make decentralisation the culprit of the current failure. Neither would a return to the highly centralised system the panacea for the present predicaments. As far as we could ascertain, the current problems lie mainly with the lack of regular reviews by HoDs, as a result of which, some JRA payments have continued to exist even though their original justifications may have been rendered null and void by changed circumstances. The absence of an effective monitoring mechanism to allow the Administration to intervene where intervention is called for also contributed in part to the malaise of the current system.

6.21 To improve the situation, we have therefore re-defined the respective roles of HoDs, the Bureaux and CSB in the overall administrative framework as set out in the preceding paragraphs. This should provide a sound basis for the development of a new administration system for JRAs in the civil service. Apart from making it clear that it is the prime responsibility of HoDs to undertake timely reviews, we have vested the final authority for approving the JRA payments in CSB. We consider this to be a necessary control measure during the moratorium. In the longer term, say, two to three years after the expiry of the moratorium when the new arrangements have been tried out with success, CSB should consider whether and, if so, how best to devolve the administration of the JRAs to HoDs.

### **Future JRA Administration System**

6.22 Against the above considerations, we recommend that the review and monitoring mechanism put in place during the moratorium be made a standing arrangement in the new JRA administration system after the expiry of the moratorium. The responsibility for the future review of JRA payments found justified during the moratorium will rest with HoDs in the first place. The decision by HoDs to continue the JRA payment for another specified period should receive the endorsement of both the Bureau Secretary concerned and the SCS. Where HoDs consider it necessary to create new payment items which did not exist during the moratorium, the endorsement of the relevant Bureau Secretary and the SCS must first be sought before payments could be effected.

6.23 At the same time, CSB should assume a central monitoring role in respect of the dispensation of JRAs in the civil service to ensure service-wide consistency in standards; compliance by HoDs of the stipulated time-limit for review; and management of a centralised record of JRA payment schedules in all departments where the justifications, the rates and the stipulated time-limit for the individual payments are clearly documented.

6.24 The question of devolution of approving authority and other administrative responsibilities to HoDs should be examined by CSB in the light of experience, say, two to three years after the expiry of the moratorium. We recommend that the Commission's advice should be sought before the Administration takes any decision on the matter.